

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

| | | |
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| THE ADJUSTMENT OF |) | |
| RATES OF THE OKOLONA |) | |
| SEWER CONSTRUCTION |) | CASE NO. 8751 |
| DISTRICT OF JEFFERSON |) | |
| COUNTY, KENTUCKY |) | |

O R D E R

IT IS ORDERED that Okolona Sewer Construction District of Jefferson County ("Okolona") shall file an original and seven copies of the following information with the Commission, with a copy to the Attorney General's Consumer Protection Division by March 2, 1983. Okolona shall furnish the name of the witness who will be available at the public hearing to respond to questions concerning each item of information provided. If neither the requested information nor a motion for an extension of time is filed by the stated date the case will be dismissed.

1. Exhibit No. 6 page 1 of 3 from the application states that the increase in revenue from the proposed rate increase is \$300,214. Provide the basis used in determining this amount and an explanation as to why this amount does not agree with the pro forma revenue increase of \$288,261 listed in Exhibit No. 5.

2. In reference to Exhibit No. 5 part (A) "Contract Revenue" provide the following:

- a) A complete description of the emergency problems which occurred at each treatment plant during the test period.
- b) A breakdown of the amount of contract revenue received during the test period which can be attributed to emergency sewer problems.
- c) A list of any extraordinary expenses and the account charged that were not included in test period operating results.

3. In reference to Exhibit No. 5 Part (B) "Transfer of assessments to cover administrative charges" provide the following:

- a) The basis for determining the administrative charges associated with the improvement assessment bonds for the test period.
- b) The basis for the proposed pro forma decrease of \$4,695.

4. Provide the following concerning assessments:

- a) What was the total amount of revenue generated from assessments during the test period?
- b) How is this revenue recorded within the books of Okolona?
- c) What is the assessment based on and how is it collected?

5. Exhibit No. 5 reflects a proposed pro forma decrease in Miscellaneous Fees in the amount of \$16,427 and part (C) of Exhibit No. 5 states that no new construction is anticipated.

Provide the amount that was included in Miscellaneous Fees that was attributed to new construction and a complete description of the construction activities which were associated with this item during the test period.

6. In reference to Exhibit No. 11 "Projected Interest Income on Investments" provide the following:

- a) Exhibit No. 11 reflects that the following amounts are contained within the bond and interest redemption fund:

| | |
|-----------|------------------|
| 1961 Fund | \$321,230 |
| 1979 Fund | <u>107,600</u> |
| Total | <u>\$428,830</u> |

However, the balance sheet from Exhibit No. 3 of the application reflects a balance in the bond and interest redemption funds in the amount of \$880,803. Provide an explanation for the discrepancy.

- b) What is the basis for the projected 8 percent interest rate?
- c) Provide an analysis of the investment portfolio at September 30, 1982, which lists the types of investments, amounts, maturity dates, and interest rates for each of the special funds maintained by Okolona.

7. For each employee and commissioner of Okolona provide the following information for the year ended September 30, 1982:

- a) The name, title and total amount of compensation received during the test period. Also, include a description and the amount

of any fringe benefits received for each employee and commissioner.

- b) The total number of regular and over-time hours worked during the test period and indicate the method used to compute the amount of compensation received (such as periodic salary, hourly base rate, hourly overtime rate, or units of production).
- c) A complete description of the duties and responsibilities of each employee and commissioner.

8. Provide the date of each commissioner meeting which was held during the test period and indicate the total number of commissioners in attendance at each meeting.

9. Item No. 2 of Exhibit No. 5 states that the proposed pro forma adjustment for salaries and wages includes an amount for an additional 1.5 men required to maintain the plant and relieve current work over loads. Provide the amount included within the adjustment which is associated with the additional 1.5 men. Include the rate of pay for the additional employees and the type of work to be performed by these employees.

10. In reference to Item No. 5 Exhibit No. 5 provide the actual amount of Blue Cross-Blue Shield cost for the test period and the basis for the projected 20 percent increase in cost.

11. In reference to Item No. 7 of Exhibit No. 5 provide the basis for the projected 10 percent rate increase and in reference to Exhibit No. 9 provide the source from which usage was determined for the test period.

12. Provide a copy of the telephone bill for each month of the test period along with the primary use of each telephone.

13. In reference to Exhibit No. 10 "Schedule of Test Period Repairs and Maintenance" provide copies of invoices for the following expenditures listed on the schedule.

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|----|-------|--|------------|
| a) | 12/81 | Roots blower compressor, shaft assembly, timing gear assemblies, bearing assemblies, seals and labor. | \$4,238.32 |
| b) | 12/81 | German rupp triplex high temperature control system and cover plate | \$1,191.55 |

14. Provide the total amount expended for repairs and replacements for calendar years 1981, 1980, and 1979.

15. In reference to Item No. 18 of Exhibit No. 5 provide the basis for the projected 10 percent increase in testing costs. Also, provide a description of the circumstances which necessitate an additional \$500 expenditure for lab analysis of the lagoons.

16. The balance sheet included within Exhibit No. 2, "1981 Annual Report" reflects that Contributions in Aid of Construction had a balance of \$1,316,986 at December 31, 1981. However, the balance sheet filed as Exhibit No. 3 does not show an amount for Contributions in Aid of Construction. Provide an explanation for this discrepancy.

17. In reference to Item No. 24, "Meetings, Seminars, Education, etc." of Exhibit No. 5 provide a breakdown of these expenses for the test period as shown in attached Format No. 1.

18. In reference to Item No. 27 "Professional Fees" of Exhibit No. 5 provide a detailed analysis of expenses incurred during the test year for professional services as shown in attached Format No. 2. At minimum the analysis should show the payee, dollar amount, reference (i.e., voucher number, etc.), account charged, hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided.

19. In reference to Item No. 30 "Rate Case" of Exhibit No. 5 provide the following:

- a) Actual expenses which have been incurred to date for legal, accounting and engineering services.
- b) The basis for the amounts listed as legal, accounting and engineering costs included within the rate case expense breakdown.
- c) A schedule of the hourly rates for legal, accounting, and engineering costs that will be charged to Okolona in this rate case.
- d) A detailed description of the legal, accounting and engineering services to be provided to Okolona in this case and an estimate of the number of hours that will be charged to Okolona for the services.

20. Item No. 29 "Taxes" of Exhibit No. 5 states that the proposed pro forma increase of \$505 in taxes is due to a direct functional increase associated with the rate increase. Provide the basis complete with supporting computations of the proposed pro forma increase in taxes.

21. In reference to Item No. 31 "Margin" of Exhibit No. 5 provide a description of the circumstances which necessitate the inclusion of \$17,773 as an adjustment to test period results.

22. Provide the method(s) of depreciation which is utilized in Exhibit No. 8 "Depreciation Analysis."

23. Provide a statement of fund balance and a statement of changes in financial position for the test period.

24. Provide a copy of the "Report on Examinations of Financial Statements and Additional Information" for the years ended December 31, 1980 and 1979 and December 31, 1979 and 1978.

25. In reference to Item No. 16 "Repairs and Maintenance" of Exhibit No. 5 provide a detailed breakdown of the costs and materials associated with the proposed \$5,000 expenditure to overhaul aeration system No. 1 and No. 2.

26. Provide the basis complete with supporting computations and related work papers for the following proposed adjustments to the test period operating statement included in Exhibit No. 5:

- a) 10 percent increase in chemical costs.
- b) 10 percent increase in vehicle expense.
- c) 20 percent increase in office expenses.
- d) 10 percent increase in accounting fees.

- e) 15 percent increase in repairs and maintenance.
- f) 10 percent increase in telephone expense.

27. In reference to Exhibit No. 15 "Schedule of Improvements" provide the following information:

- a) Explain in detail how these costs will be financed.
- b) The basis used in selecting six years as the time period over which these improvements will be made.
- c) The basis for using 10 years as the estimated useful life for the sewer improvements.

Done at Frankfort, Kentucky, this 2nd day of February, 1983.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

Case No. 8751

Okolona Sewer Construction District of Jefferson County

EXPENSES FOR MEETINGS, SEMINARS, EDUCATION, ETC.
FOR THE YEAR ENDED SEPTEMBER 30, 1982

| <u>Date</u> | <u>Location</u> | <u>Description</u> | <u>Amount</u> | <u>No. of Okolona Representatives In Attendance</u> |
|-------------|-----------------|--------------------|---------------|---|
|-------------|-----------------|--------------------|---------------|---|

Case No. 8751

Okolona Sewer Construction District of Jefferson County

PROFESSIONAL FEES

For the Year Ended September 30, 1982

| <u>Payee</u> | <u>Description of Services</u> | <u>Amount</u> | <u>Date</u> | <u>Reference</u> |
|--------------------|------------------------------------|---------------|-------------|------------------|
| <u>Legal</u> | | | | |
| <u>Accounting</u> | | | | |
| <u>Engineering</u> | | | | |
| <u>Other</u> | | | | |